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# CONWEST

*Exploration Company Limited*

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TWENTY-EIGHTH ANNUAL REPORT

*December 31 —*1966

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# *Twenty-eighth Annual Report*

*of*

## CONWEST EXPLORATION COMPANY LIMITED

### OFFICERS

F. M. CONNELL, O.B.E.	- - - - -	Chairman
C. R. ELLIOTT	- - - - -	President and Treasurer
W. H. CONNELL	- - - - -	Vice-President
J. M. CONNELL	- - - - -	Vice-President
J. D. CHRISTIAN, C.B.E.	- - - - -	Executive Vice-President
C. S. M. MORTIMER, Q.C.	- - - - -	Secretary
J. R. SCRIMGER	- - - - -	Assistant Secretary
M. P. CONNELL	- - - - -	Assistant Treasurer

### DIRECTORS

F. M. CONNELL, O.B.E.	- - - - -	Toronto, Ontario
W. H. CONNELL	- - - - -	Spencerville, Ontario
J. M. CONNELL	- - - - -	Toronto, Ontario
E. B. CONNELL	- - - - -	Spencerville, Ontario
J. D. CHRISTIAN, C.B.E.	- - - - -	Toronto, Ontario
K. A. CREERY	- - - - -	Montreal, Quebec
C. R. ELLIOTT	- - - - -	Toronto, Ontario
S. E. JAMIESON	- - - - -	Toronto, Ontario
C. S. M. MORTIMER, Q.C.	- - - - -	Toronto, Ontario

### TRANSFER AGENTS AND REGISTRARS

MONTREAL TRUST COMPANY	- - - - -	Toronto, Ontario
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### BANKERS

THE ROYAL BANK OF CANADA

### AUDITORS

CLARKSON, GORDON & CO.	- - - - -	Toronto, Ontario
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### SOLICITORS

THOMSON, ROGERS	- - - - -	Toronto, Ontario
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### ADMINISTRATIVE OFFICE

SUITE 1001, 85 RICHMOND STREET WEST	- -	Toronto, Ontario
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### FIELD OFFICES

SUITE 901, ROYAL BANK BLDG.	- - - - -	Vancouver, B.C. Whitehorse, Y.T.
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### ANNUAL MEETING

10:00 A.M., JUNE 23, 1967	- - - - -	The King Edward Hotel Toronto, Ontario
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# Conwest Exploration Company Limited

## *Report of the Directors*

To the Shareholders,  
Conwest Exploration Company Limited.

Your directors submit for your information the balance sheet as at December 31, 1966 and the related statements of income and earned surplus and statement of source and application of funds for the year ended on that date together with your Auditors' Report thereon.

The annual report of Cassiar Asbestos Corporation Limited is appended for your information.

### **CASSIAR ASBESTOS CORPORATION LIMITED**

As at the end of the fiscal year, your company held 653,381 shares of Cassiar Asbestos Corporation Limited. Since the year end, Cassiar Asbestos Corporation Limited offered the right to its shareholders to subscribe for 1 additional share of Cassiar for every 10 shares held at the price of \$12.00 per share. Your company has exercised its rights, thereby increasing its holdings to 718,720 shares.

Subsequently, the company sold 193,470 shares of Cassiar to Bell Asbestos Mines Limited at the price of Sixteen Dollars per share to realize \$3,095,000. Conwest will retain 525,250 shares, being 10% of the outstanding capital of Cassiar. Conwest will continue to provide the management for Cassiar. The decision to sell the shares is in accordance with the policy of the company to maintain a well diversified portfolio of investments. The uncertainties for the mining exploration industry arising out of the recommendations of the Royal Commission on Taxation have increased the desirability of greater diversification.

The above-mentioned rights were issued by Cassiar Asbestos Corporation Limited to its shareholders of record as of January 31, 1967 and the offering resulted in Cassiar realizing \$5,744,728 from the sale of 477,500 shares of its capital stock. Cassiar now has outstanding 5,252,500 shares. The funds raised will be utilized in completing construction of the plant and the development of the Clinton Mine located in the Yukon Territory, northwest of Dawson. Construction is progressing on schedule and commencement of production is expected late in 1967.

During the year, the Cassiar Mine at Cassiar, B.C., operated close to capacity. Earnings were \$9,841,812 before deducting provision for stripping costs, depreciation, amortization and other write-offs, aggregating \$3,056,046, taxes payable for the year of \$765,000 and deferred taxes in the amount of \$1,875,000 leaving a net profit for the year of \$4,145,766. Dividends received from Cassiar during the year provided your company with an income of \$392,026.20.

Your attention is drawn to the report on Kutcho Creek Asbestos Company Limited, a wholly-owned subsidiary of Cassiar. The work to date has indicated the presence of at least three large fibre-bearing zones, but further work will be required to evaluate the grade and tonnage. Due to the demands imposed on staff and finances in bringing the Clinton Mine into production, only limited work is planned for the Kutcho Creek properties during 1967.

### **BASIN OIL EXPLORATION LIMITED**

Your company holds 681,086 shares of Basin Oil Exploration Limited or 62% of the outstanding capital stock of that company. During the year, Basin Oil participated in the drilling of two wells in Alberta, both of which were dry holes. Basin has maintained a strong financial position throughout the year and at December 31, 1966 had net assets consisting of cash, short term securities, and shares of listed oil and mining exploration companies with a market value of \$750,687. The operating loss for the year after taking into account the cost of the two dry holes was \$39,110. In order to expand its activities in oil exploration, the company has employed Mr. W. F. Wuest, an experienced oil geologist resident in Calgary, to pursue exploration opportunities in Western Canada.



## **PYRAMID MINING COMPANY LIMITED**

As previously reported, your company participated in an agreement to provide funds for exploration and development of the property of Pyramid Mining Company Limited in the Pine Point area, Northwest Territories, and pursuant thereto now holds 276,738 shares of Pyramid Mining Company Limited.

Exploration work carried out by Pyramid developed two lead zinc orebodies having an estimated combined tonnage of more than 11,000,000 tons of lead zinc ore. In June 1966, Pyramid accepted an offer from Pine Point Mines Limited to purchase its mining properties and other assets in the Pine Point area for a consideration of 526,400 shares of Pine Point Mines Limited. Subsequent thereto, one-half of the shares of Pine Point Mines Limited received under this transaction were distributed to the shareholders of Pyramid Mining Company Limited resulting in your company receiving 27,673 shares of Pine Point Mines Limited.

In January 1967, the Department of National Revenue informed Pyramid that it proposed to tax any gain on the sale of the assets to Pine Point Mines Limited. Since then, Pyramid has filed a brief with the Department of National Revenue setting out the facts and disclaiming any tax liability. The Department is currently reviewing the company's records and representations. Prior to accepting the offer from Pine Point Mines Limited, Pyramid directors obtained separate opinions from three experienced legal counsel to the effect that the gain on the sale of the company's assets would not give rise to income taxable under the Income Tax Act. Counsel have since reconfirmed their opinions.

## **CROYDON MINES LIMITED**

As previously reported, your company participated in an agreement to finance exploration of mineral claims held by Croydon Mines Limited in the Pine Point area of the Northwest Territories. During the year an induced polarization survey was conducted over the claims. The results of the survey did not warrant further expenditure and accordingly, the options to purchase shares of Croydon Mines Limited were not exercised.

## **FROBEX LIMITED**

Pursuant to an agreement dated August 31, 1962 between Conwest Exploration Company Limited, McIntyre-Porcupine Mines Limited, British Metals Corporation (Canada) Limited, J. J. Rankin, Esq., and Frobex Limited, your company on behalf of itself and its associates participated in the financing of Frobex. Since the end of the year, your company and its associates have exercised the balance of the options to purchase shares of Frobex Limited and your company now holds 278,685 shares.

Frobex Limited and Area Mines Limited jointly control Wexford Mines Limited which holds a large group of claims in Boisboisson Township in the Gaspé area of Quebec on which a substantial copper orebody has been indicated by diamond drilling. Underground exploration and drilling is planned for 1967. Frobex Limited also has a 25% participation in a uranium occurrence in Quebec, on which the group has staked a large number of claims. Work will be carried out to evaluate the occurrence during 1967.

## **CHANCE MINING AND EXPLORATION COMPANY LIMITED**

Chance Mining and Exploration has issued and outstanding 2,200,000 shares of capital stock of which your company holds 1,007,151 shares. During 1966 the company carried out a programme of geophysical surveying and drilling in the Timmins area and this work is continuing.

At year end, Chance held cash and short term investments in the amount of \$66,288.

## **CONWEST EXPLORATION (OVERSEAS) LIMITED**

Conwest Exploration (Overseas) Limited carries on exploration in Australia through a wholly-owned subsidiary, Conwest (Australia) N.L. Several prospects were examined during the year and four properties were drilled. Drilling is currently underway on one of these properties. Several exploration reserves have been obtained and preliminary investigations are in hand. Mr. G. H. R. Burrill has been appointed exploration manager with headquarters in Perth. Mr. J. M. Powelson represents the company in Australia from offices in Sydney and is a director of Conwest (Australia).

Conwest Exploration (Overseas) Limited has issued and outstanding 600,000 shares of capital stock of which your company holds 300,000 shares. Unexpended funds on hand at December 31, 1966 were \$105,000.



## GENERAL EXPLORATION

Pursuant to a working agreement, Central Patricia Gold Mines, Limited maintains a 20% participation in the mining exploration activities of your company.

### N.W.T.

Geophysical surveys and diamond drilling were carried out during the year on several large claim blocks in the Pine Point area, N.W.T., held jointly with Newconex Canadian Exploration Limited. 7,304.5 feet of drilling in 22 holes has outlined an orebody on the claim group estimated to contain 1,350,000 tons of ore having an average grade of 3.4% lead and 9.6% zinc.

An induced polarization survey of the 56 claims in the area optioned from Buttle Lake Mining Company Limited and Trojan Consolidated Mines Limited failed to locate any targets for further exploration.

Since the end of the year, your company has participated in an exploration venture in the Coppermine River area of the Northwest Territories by subscribing to 200,000 shares of Coppermine River Limited for \$100,000, being 20% of the financing of the venture. Your company has the right to purchase a further 200,000 shares in each of the following three years at 50¢, 75¢ and \$1.00 per share respectively. In accordance with its arrangement with Central Patricia Gold Mines, Limited, 20% of the subscription and options taken by Conwest is for the account of Central Patricia. Under the terms of the financing, Coppermine River Limited has been provided with \$500,000 to carry out a major exploration programme in the vicinity of the Coppermine River, Northwest Territories where that company holds a large number of mineral claims. All supplies and equipment have been delivered to the area and necessary camps are under construction. It is expected that work on the claims will commence soon.

### British Columbia

Induced polarization and geochemical surveys were carried out on a claim group in the Stikine River area of British Columbia. Further work is planned for this group and on other claims held in the area.

### Yukon Territory

In the Northern Yukon, a helicopter-supported prospecting programme resulted in the staking of two claim groups. Diamond drilling was carried out on one of these groups and on a copper prospect which was staked in 1960.

In the Pelly River Valley several claim groups were staked as a follow-up to airborne and ground geophysical surveys. A minor amount of drilling was carried out. Further work during the current year has failed to disclose anything of economic significance.

### Manitoba

Diamond drilling on the company's claims in the Wabowden area failed to disclose anything of economic importance. Elsewhere, claims held by your company were surveyed preparatory to obtaining leases.

### Quebec

Diamond drilling was carried out on two claim groups in Gaspé Park. Nothing of economic significance was encountered. Mapping and sampling was done on another claim group in the Park. Exploration will be continued when weather permits.

In the opinion of your directors, the implications arising out of the recommendations of the Royal Commission on Taxation are of such serious import to mining exploration that your company will be forced to restrict its activities in Canadian mining exploration and development until such time as the uncertainties arising out of those recommendations are removed. Implementation of the proposals to remove the incentives which have heretofore resulted in the outstanding development in the industry could well result in the withdrawal of your company and its associates from active exploration. Accordingly, it will be the policy of your company to limit its exploration commitments until the proposals have been dealt with by Parliament and a proper reassessment of the effect of taxation can be made.

On behalf of the Board,

F. M. CONNELL,  
Chairman.

C. R. ELLIOTT,  
President.

Toronto, Ontario,  
May 26, 1967.



# Conwest Exploration Company Limited

## STATEMENT OF INCOME AND EARNED SURPLUS

For the year ended December 31, 1966

(with comparative figures for the year 1965)

	1966	1965
<b>Net income for the year:</b>		
Income —		
Dividends .....	\$ 703,527	\$ 495,389
Interest .....	143,382	133,923
Gain on sale of bonds .....	9,621	3,560
Rental of equipment and property .....		3,486
	<u>856,530</u>	<u>636,358</u>
Expense —		
General exploration (note 1) .....	193,845	99,203
General and administrative .....	103,145	109,151
Remuneration of directors, including those holding salaried employment .....	44,033	44,033
Depreciation .....	340	565
	<u>341,363</u>	<u>252,952</u>
Less portion of expenditures recovered from other companies .....	67,124	50,190
	<u>274,239</u>	<u>202,762</u>
Net income for the year .....	<u>582,291</u>	<u>433,596</u>
Excess of net gain realized on disposal of interest in mining prop- erties and companies over exploration write-offs and provision for losses of subsidiary companies (note 1) .....	12,297	344,384
Earned surplus at beginning of year .....	10,001,084	9,523,104
	<u>10,595,672</u>	<u>10,301,084</u>
Dividends totalling 12¢ per share .....	300,000	300,000
Earned surplus at end of year .....	<u>\$10,295,672</u>	<u>\$10,001,084</u>

# Conwest Exploration Company Limited

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1966

(with comparative figures for the year 1965)

	<u>1966</u>	<u>1965</u>
Working capital (current assets less current liabilities) beginning of year .....	\$3,589,125	\$2,370,279
<b>Sources of funds:</b>		
Income from investments .....	856,530	636,358
Proceeds from sale of shares in mining companies . . . . . 624,311		2,040,095
Less cost of purchase of shares in mining companies .....	305,106	638,327
		<u>1,401,768</u>
Principal payments received on mortgages receivable and an agreement of sale .....	77,057	78,365
	<u>4,841,917</u>	<u>4,486,770</u>
<b>Application of funds:</b>		
Exploration expenditures —		
Financing of exploration by purchase of shares in and advances to mining companies . . . . . 1,813,312		289,665
Direct development of mining claims and properties including general exploration and overhead expenses .....	770,641	469,188
	2,583,953	758,853
Less recoveries .....	106,422	111,477
	<u>2,477,531</u>	647,376
Prospecting equipment purchases (sales) .....	2,075	(49,731)
Dividends paid .....	300,000	300,000
	<u>2,779,606</u>	897,645
Working capital — end of year .....	<u>\$2,062,311</u>	<u>\$3,589,125</u>



# Conwest Exploration

(Incorporated under the laws of the State of Nevada)

## Balance Sheet

(with comparative figures for 1965)

### ASSETS

	1966	1965
<b>Current:</b>		
Cash .....	\$ 889,034	\$ 680,133
Short-term investments at cost plus accrued interest (approximately market) .....	1,159,623	2,915,399
Dividends and interest receivable .....	116,760	118,526
Accounts receivable .....	84,766	65,399
Advances for working funds .....	10,205	9,117
Prepaid expenses .....	12,137	12,705
Total current assets .....	2,272,525	3,801,279
Agreement for sale and mortgages receivable .....	242,123	319,180
Interest in mining properties and companies at cost less amounts written off (notes 1 and 3):		
Shares in and advances to mining and exploration companies (including shares with a book value of \$5,767,426 (\$4,298,676 in 1965) having a quoted market value of \$15,884,978 (\$12,906,424 in 1965)) .....	5,913,346	4,441,529
Subsidiary companies (note 2)		
Shares .....	1,923,508	1,813,508
Advances .....	391,074	386,400
	2,314,582	2,199,908
Less provision for losses .....	280,468	240,517
	2,034,114	1,959,391
Mining claims and expenditures thereon .....	1,314,335	964,151
Total interest in mining properties and companies .....	9,261,795	7,365,071
Prospecting equipment and other fixed assets at cost less accumulated depreciation of \$49,482 (\$107,842 in 1965) .....	14,441	12,706
	<b>\$11,790,884</b>	<b>\$11,498,236</b>



# Company Limited

(Incorporated under the laws of Canada)

December 31, 1966

(For the year 1965)

## LIABILITIES

	<u>1966</u>	<u>1965</u>
<b>Current:</b>		
Accounts payable and accrued charges .....	\$ 60,214	\$ 62,154
Dividend payable .....	150,000	150,000
Total current liabilities .....	<u>210,214</u>	<u>212,154</u>
 <b>Capital and surplus:</b>		
Capital —		
Authorized:		
3,000,000 shares of no par value		
Issued:		
2,500,000 shares .....	1,284,998	1,284,998
Earned surplus .....	10,295,672	10,001,084
	<u>11,580,670</u>	<u>11,286,082</u>
 On behalf of the Board:		
 F. M. CONNELL, Director.		
 C. R. ELLIOTT, Director.		
	<u><u>\$11,790,884</u></u>	<u><u>\$11,498,236</u></u>

# Conwest Exploration Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

December 31, 1966

### 1. Accounting policy

The company's policy is to write off all general exploration expenditures incurred during the year, including all overhead costs, and to capitalize the direct cost of acquisition and expenditures thereon of interests in mining properties and companies which were in good standing at the year end. Upon disposal or abandonment of such interests the net gain or loss is reflected in the statement of income and earned surplus.

### 2. Subsidiaries

In accordance with Section 121 of The Canada Corporations Act the following are the details relating to unconsolidated subsidiary companies:

- (a) The subsidiary companies' financial statements have not been consolidated because, in the opinion of management, such consolidation would be inappropriate. The assets of the subsidiary companies include cash and investments at market value less accounts payable aggregating \$952,549 in which the company's equity is \$574,771. The balance of the company's investment in subsidiary companies is represented by mining claims, properties, expenditures thereon and other deferred amounts, the value of which can only be determined through operation, sale or abandonment.
- (b) The company's proportion of the aggregate losses of subsidiaries for the respective financial periods coinciding with or ending in the financial period of the company totalled \$39,951, which amount has been deducted in the statement of income and earned surplus as a provision for loss of subsidiary companies.
- (c) The aggregate of the losses less profits of the subsidiaries since their acquisition in addition to amounts written off the investment therein, is \$280,468 and has been provided for in the accounts of the company.

### 3. Subsequent event

The company sold a portion of its holdings of Cassiar Asbestos Corporation Limited (193,470 shares) at \$16 per share for a total consideration of \$3,095,000 which amount is substantially in excess of carrying value.



*Clarkson, Gordon & Co.*

*Chartered Accountants*

15 Wellington Street West, Toronto 1, Canada

Halifax Saint John Quebec Montreal Ottawa  
Toronto Hamilton Kitchener London Windsor  
Winnipeg Regina Calgary Edmonton Vancouver

Arthur Young, Clarkson, Gordon & Co.  
United States—Brazil

Telephone 368-2751 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of  
Conwest Exploration Company Limited:

We have examined the balance sheet of Conwest Exploration Company Limited as at December 31, 1966, and the statement of income and earned surplus and statement of source and application of funds for the year ended on that date. Our examination included a general review of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
May 19, 1967.

*Clarkson, Gordon & Co.*

Chartered Accountants

# Conwest Exploration Company Limited

## *Management and Exploration Personnel*

### GENERAL OFFICERS:

Chairman of the Board	-	-	-	-	-	-	-	-	F. M. CONNELL, O.B.E., LL.D.
President and Treasurer	-	-	-	-	-	-	-	-	C. R. ELLIOTT, C.A.
Executive Vice-President and Consulting Engineer	-	-	-	-	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President	-	-	-	-	-	-	-	-	W. HAROLD CONNELL
Vice-President and Assistant to President	-	-	-	-	-	-	-	-	J. M. CONNELL
Secretary	-	-	-	-	-	-	-	-	C. S. M. MORTIMER, Q.C.
Assistant Secretary	-	-	-	-	-	-	-	-	J. R. SCRIMGER
Assistant Treasurer	-	-	-	-	-	-	-	-	M. P. CONNELL

### EXPLORATION AND DEVELOPMENT DIVISION:

Manager	-	-	-	-	-	-	-	-	T. L. HORSLEY, B.A.Sc.
Western Manager	-	-	-	-	-	-	-	-	P. O. HACHEY, M.Sc.
Assistant to the Manager	-	-	-	-	-	-	-	-	K. G. MILLER
Geologist	-	-	-	-	-	-	-	-	G. W. GRANT
Whitehorse Office, Yukon Territory	-	-	-	-	-	-	-	-	A. F. BERRY
Mineral Claims Secretary	-	-	-	-	-	-	-	-	J. CALDWELL
Accountant	-	-	-	-	-	-	-	-	J. F. HATCHER

### OPERATING DIVISION:

#### CASSIAR ASBESTOS CORPORATION LIMITED

### GENERAL OFFICERS:

Chairman of the Board	-	-	-	-	-	-	-	-	F. M. CONNELL, O.B.E., LL.D.
President and General Manager	-	-	-	-	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President and Secretary-Treasurer	-	-	-	-	-	-	-	-	C. R. ELLIOTT, C.A.
Manager of Operations	-	-	-	-	-	-	-	-	J. G. BERRY, B.Sc.
Consulting Engineer	-	-	-	-	-	-	-	-	T. T. TIGERT, B.A.Sc.
Assistant Secretary	-	-	-	-	-	-	-	-	J. R. SCRIMGER
Assistant Treasurer	-	-	-	-	-	-	-	-	M. G. MAZURKEWICH
Chief Accountant	-	-	-	-	-	-	-	-	M. J. HERZOG, C.A.

#### CASSIAR MINE, Cassiar, B.C.

General Superintendent	-	-	-	-	-	-	-	-	A. C. BEGUIN, B.A.Sc.
Asst. to General Superintendent	-	-	-	-	-	-	-	-	C. E. BRONSON, B.Sc.
Production Superintendent	-	-	-	-	-	-	-	-	A. C. CARON
Mine Superintendent	-	-	-	-	-	-	-	-	J. R. MURDOCH, B.Sc.
Mill Superintendent	-	-	-	-	-	-	-	-	C. R. HARRIS, B.A.Sc.
Plant Superintendent	-	-	-	-	-	-	-	-	W. E. ROYDS, B.A.Sc.
Maintenance Engineer	-	-	-	-	-	-	-	-	H. VELTMEYER
Equipment Superintendent	-	-	-	-	-	-	-	-	G. EDWARDS
Mechanical Superintendent	-	-	-	-	-	-	-	-	G. SIMMONS
Electrical Superintendent	-	-	-	-	-	-	-	-	F. KLIMENT
Surface Superintendent	-	-	-	-	-	-	-	-	G. KAMLAH
Utilities Superintendent	-	-	-	-	-	-	-	-	R. PASIAUD
Chief Engineer	-	-	-	-	-	-	-	-	G. TROWSDALE, B.A.Sc.
Chief Geologist	-	-	-	-	-	-	-	-	W. H. PLUMB, B.A.Sc.
Chief Mine Accountant	-	-	-	-	-	-	-	-	J. H. THORNICROFT
Industrial Relations Supervisor	-	-	-	-	-	-	-	-	D. R. DELAHUNT

#### CLINTON MINE, Yukon Territory

General Superintendent	-	-	-	-	-	-	-	-	F. P. HODGSON, B.Sc.
Mine Superintendent	-	-	-	-	-	-	-	-	H. A. WOODY
Mill Superintendent	-	-	-	-	-	-	-	-	B. H. DONNER
Chief Engineer	-	-	-	-	-	-	-	-	J. G. DREWE, B.Sc.
Chief Mine Accountant	-	-	-	-	-	-	-	-	D. ACASON

#### TRANSPORT DIVISION, Whitehorse, Y.T.

General Superintendent	-	-	-	-	-	-	-	-	E. K. McARTHUR
Operations and Maintenance Superintendent	-	-	-	-	-	-	-	-	W. G. WHITEHOUSE
Accountant	-	-	-	-	-	-	-	-	K. J. MULLOY

#### ASBESTOS WHARF, North Vancouver, B.C.

Office Manager	-	-	-	-	-	-	-	-	J. T. WARD
Superintendent — Asbestos Wharf	-	-	-	-	-	-	-	-	S. M. MANNING, P.Eng.
Purchasing Agent	-	-	-	-	-	-	-	-	K. B. SCRIMGER



# Cassiar Asbestos Corporation Limited

## *Report of the Directors*

To the Shareholders,

CASSIAR ASBESTOS CORPORATION LIMITED:

Your directors submit herewith the fifteenth annual report on the affairs of your company including the consolidated balance sheet as at December 31, 1966, the statements of consolidated operations, earned surplus and source and application of funds for the year ended on that date and your Auditors' report thereon.

### FINANCIAL

Pursuant to the authority granted by the shareholders at the special general meeting held in Toronto, on October 26, 1966, Supplementary Letters Patent were obtained to increase the authorized capital of the company from 5,000,000 shares without nominal or par value to 5,500,000 shares without nominal or par value.

As set out in letters to the shareholders dated October 1, 1966, and January 30, 1967, and subsequent to the year end, the company offered rights to its shareholders to subscribe for 477,500 additional shares of the company at a price of \$12.00 per share, on the basis of one additional share for each ten shares held. The rights were exercisable during the month of February, 1967 and pursuant thereto subscriptions were received for 473,818 shares at the offering price of \$12.00 per share. The remainder of the offering not taken up in the amount of 3,682 shares were subsequently subscribed for by Bell Asbestos Mines Ltd. at the current market price of \$16.00 per share. Accordingly the entire offering of 477,500 shares has been subscribed to provide the company with \$5,744,728. After completion of the financing there are outstanding 5,252,500 shares of capital stock.

It is now estimated that the final cost of the Clinton Mine plant and equipment and development will approximate \$24,000,000. The increase of \$3,000,000 over previous estimates reflects the increased cost of labour, materials and overhead charges. The source of the funds for the Clinton Mine project is summarized below —

Capital stock issue in 1965 — 775,000 shares @ \$12 per share .....	\$ 9,300,000
Capital stock issue pursuant to rights offering February, 1967 — 477,500 shares .....	5,744,728
Bank loan arranged .....	4,000,000
Funds generated or to be generated from operations in 1966 and 1967 in excess of dividend and other requirements .....	4,500,000
	<hr/>
	<u>\$23,544,728</u>

Plans have been made to defer construction of some ancillary facilities until after the plant reaches production. It is expected that the project will be completed with the financing now arranged.

The profit from operations was \$9,841,812 before providing for depreciation, stripping, and other write-offs aggregating \$3,056,046 and the current years income taxes of \$765,000. Of the remaining \$6,020,766 there was transferred to accumulated tax reductions applicable to future years \$1,875,000, leaving a net profit of \$4,145,766 compared to \$3,688,472 earned in the previous year.

Capital expenditures during the year at the Clinton Mine amounted to \$10,209,859. At the Cassiar Mine, equipment renewal and additional mill equipment totalled \$1,078,439 and the cost of waste removal was \$2,508,192.

## **SALES**

The market for all grades of fibre was strong throughout the year. The company's sales exceeded production and by the year end, fibre inventories were reduced to a minimum working level.

The forecasts from customers of their 1967 fibre requirements indicate continued growth. When capital funds, which have been severely restricted during the past year, particularly in North America and the United Kingdom, become more readily available to support renewed housing development and other construction projects which utilize asbestos cement products, it is expected that the demand for asbestos will be further accelerated. To meet the anticipated sales for 1967 steps have been taken to maintain the output at Cassiar and to bring the Clinton Mine into production during the final quarter of 1967.

## **CASSIAR MINE**

### **Mine**

During the year, 901,650 tons of ore were mined of which 645,365 tons were treated in the rock rejection plant to eliminate 183,420 tons of rock. The untreated balance of 256,285 tons was principally selected high-grade ore which is not amenable to this form of concentration. The resulting 461,945 tons of concentrate and 256,285 tons of untreated ore were delivered to the mill, 489,308 tons by tramline and 228,922 tons by truck.

Stripping operations continued at a high level and 4,299,373 tons of waste rock were mined at a total cost of \$2,508,192. Most of this waste lies above the orebody on the hanging wall side and is removed in strips or phases to free the underlying ore for mining. The ratio of ore to waste varies from phase to phase. It is the company's accounting policy to capitalize the cost of waste removal and to write it off in the appropriate proportion for that phase from which the ore is being mined.

The mine, plant and equipment were maintained in good operating condition. One of the older mine shovels and one rock drill were replaced with larger and more modern equipment to provide improved efficiency in the operation. The high rate of production and development, improved equipment efficiency and a better supply of labour were all factors in controlling the effect of the rising cost of labour and supplies. Unit mining costs for 1966 were comparable to those in the previous year.

### **Mill**

The mill treated 706,492 tons of ore and concentrate at an average rate of 1,935 tons per calendar day, and produced a record 87,900 tons of fibre. Minor changes to the rock rejection circuit and the mill are currently being made to permit more flexibility and maintain the rate of production.

### **Ore Reserves**

There has been no diamond drilling or development work done which would change the ore reserve estimates last reported in 1963. To date, the orebody is mining out substantially as predicted and as at December 31, 1966, the probable reserves within the presently planned pit limits and to a depth of 340 feet below the lower adit stood at approximately 27,000,000 tons.

### **Labour**

Difficulty in securing labour with the necessary skills continued throughout the year. The turnover in personnel, however, dropped considerably from an annual rate of 175% to 127% and overtime hours were reduced from 21.6% to 15%.

The company has started a training programme encompassing apprenticeship training for the trades and crafts, and learner training for the operating personnel. During the current year the results of the programme will be assessed. Present indications are that it will be a major step forward in overcoming the shortage of skilled personnel.



## **CLINTON MINE**

### **Market Research**

Samples of fibre produced in the Cassiar mill from Clinton ore have been evaluated by four of the company's major customers. The results to date have been most encouraging and further production tests are being conducted to provide quality-control data for the mill. This initial work indicates that the major portion of the fibre will be recovered in one high quality asbestos-cement grade and that the balance will be a shorter fibre in the Group 5 classification.

The customers participating in these technical evaluations are making a much appreciated contribution to the future of the operation.

### **Mine**

A total of 5,156 feet of diamond drilling was completed during the year to provide necessary information for the detailed planning of the open-pit mining of the orebody. The ore reserves remain at approximately 24,000,000 tons as reported last year there being no substantial changes resulting from the drilling which was mostly within the previously indicated ore limits.

Approximately one million tons of waste were stripped from the orebody and a further one million tons will be removed prior to the anticipated commencement of ore mining in October, 1967.

### **Construction**

The construction of the mill, crushing plant, service building, and office are progressing on schedule. These buildings were substantially closed in prior to the onset of cold weather and the installation of machinery and other interior work is proceeding.

The diesel electric plant is being installed in the townsite, where adequate cooling water is available, and where the waste heat from the engines can be fully utilized.

Access roads and three 41-room residences for single men have been constructed in the townsite. During the summer of 1967 the steam, water and sewer lines will be installed in preparation for housing construction the following year. In the meantime, the 30 houses temporarily located at the plantsite and other adequate facilities are available for the production crew.

### **Labour**

A labour contract is being negotiated with Local 564 (Dawson Miners' Union) of the International Union of Mine, Mill and Smelter Workers (Canada).

### **Access Roads**

The 26 miles of access road from the Sixty-mile road to the mine, the bridge over the Forty-mile river, and the "Skyline" over the Yukon river at Dawson have all been completed under company direction. The "Skyline" will provide temporary facilities for the movement of fibre and supplies across the river during break-up and freeze-up, and will be turned over to the Territorial Government for operation. There is a considerable demand developing in the Yukon for the construction of a bridge over the Yukon river to encourage tourist traffic, but there have been no indications that this will be accomplished in the near future.

## **TRANSPORT DIVISION**

The Transport Division is featured in the photograph included in this report. The addition of the Clinton Mine fleet will bring the total establishment to 63 tractors and 65 trailers of which 37 are equipped with tanks to backhaul fuel oil. New garage facilities in Whitehorse to house the enlarged fleet will be constructed during 1968.

This division has, since its inception, operated as a very efficient arm of the organization and has contributed substantially to the control of transportation costs which are so vital to the welfare of

the company. During 1966, the cost per ton-mile was reduced from 6.07¢ to 5.67¢. The total operated mileage was 2,213,534 miles and 75,100 tons of fibre and freight were handled. It is a credit to the division's maintenance that a number of the tractor-trailer units are still operating at acceptable costs after more than 750,000 miles of Alaska Highway services.

#### **ASBESTOS WHARF**

The facilities of Asbestos Wharf in North Vancouver, combined with the modern containerized movement provided by the White Pass and Yukon Route are effecting reduced costs in the warehousing and shipping operations. Experiments with one-ton unitized pallet loads carried out during the year have indicated that further costs reductions can be achieved. Automatic equipment to pre-compress and strap the one-ton packages will be installed in the mill at Cassiar by mid-year. Thereafter, all fibre will be shipped in one-ton units which can be handled mechanically.

#### **KUTCHO CREEK ASBESTOS COMPANY LIMITED**

A total of 3,277 feet of diamond drilling was completed in six holes in the main zone at the wholly-owned Kutcho Creek Asbestos property, 60 air-miles south-east of Cassiar, B.C. The drilling, along with some surface trenching, disclosed the presence of a fibre bearing zone dipping at 50° into the hill with widths up to 300 feet, and a length of 1,200 feet. Further trenching and geophysical work disclosed two other similar zones lying approximately 600 feet from the main zone to the south-east and north-west respectively. An additional 235 claims have been staked to cover other potential areas in the vicinity.

Due to the heavy demands imposed by the Clinton Mine operation on both personnel and finances, only a limited amount of geophysical and geological work will be carried out in 1967. The extent of the surface occurrences warrants a considerable future exploration effort to determine the grade and tonnage underlying the occurrences.

#### **General Exploration**

The Anderson claims were examined and as no showings of economic interest were found the option was dropped.

General exploration in Northern British Columbia and the Yukon is continuing.

#### **Acknowledgements**

The staff and employees are commended for their exceptional effort in maintaining a maximum production rate.

On behalf of the Board,

F. M. CONNELL,  
*Chairman.*

J. D. CHRISTIAN,  
*President.*

Toronto, Canada,  
March 9, 1967.



*Clarkson, Gordon & Co.*

*Chartered Accountants*

15 Wellington Street West, Toronto 1, Canada

Halifax Quebec Montreal Ottawa  
Toronto Hamilton Kitchener London Windsor  
Winnipeg Regina Calgary Edmonton Vancouver

Arthur Young, Clarkson, Gordon & Co.  
United States—Brazil

Telephone 368-2751 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of  
Cassiar Asbestos Corporation Limited:

We have examined the consolidated balance sheet of Cassiar Asbestos Corporation Limited and its subsidiary as at December 31, 1966 and the statement of consolidated operations and earned surplus and statement of consolidated source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the companies as at December 31, 1966, and the results of their operations and the source and application of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson, Gordon & Co.*

Toronto, Canada,  
March 14, 1967.

Chartered Accountants

# Cassiar Asbestos Corporation Limited

and its subsidiary

## STATEMENTS OF CONSOLIDATED OPERATIONS AND EARNED SURPLUS

For the year ended December 31, 1966

(with comparative figures for the year 1965)

### OPERATIONS

Revenue:	1966	1965
From sales of asbestos fibre .....	\$20,393,363	\$17,526,197
From investments .....	255,863	227,315
	<u>20,649,226</u>	<u>17,753,512</u>
Expenses:		
Cost of production of fibre sold (note 2) .....	8,776,507	7,139,722
Transportation to Vancouver and warehousing (note 2) ....	3,834,530	3,485,009
Administration, selling and general expenses .....	875,865	807,919
Remuneration of directors, including those holding salaried employment .....	70,413	67,967
Exploration and research expenses .....	211,804	139,908
Interest on purchase contract .....	15,750	20,250
Interest and charges on bank loans .....	78,591	24,265
	<u>13,863,460</u>	<u>11,685,040</u>
	6,785,766	6,068,472
Provision for income taxes payable for current year .....	765,000	1,310,000
	<u>6,020,766</u>	<u>4,758,472</u>
Portion of earnings deferred equivalent to the reduction in taxes payable for the current year arising from claiming for tax purposes the maximum capital cost allowance, stripping costs and exploration and development expenditures permitted by the Income Tax Act which are in excess of the amounts charged above and which will apply to those future years where the amounts permitted for tax purposes will be less than the amounts recorded in the accounts .....	1,875,000	1,070,000
Net profit for the year .....	<u>\$ 4,145,766</u>	<u>\$ 3,688,472</u>

### EARNED SURPLUS

Balance at beginning of year .....	\$10,080,839	\$ 9,141,117
Net profit for the year .....	4,145,766	3,688,472
	<u>14,226,605</u>	<u>12,829,589</u>
Dividends totalling 60¢ per share .....	2,865,000	2,748,750
Balance at end of year .....	<u>\$11,361,605</u>	<u>\$10,080,839</u>



# Cassiar Asbestos Corporation Limited

and its subsidiary

## STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1966

(with comparative figures for the year 1965)

	1966	1965
Working Capital (current assets less current liabilities), beginning of year	\$ 3,272,348	\$ 3,497,143
<b>Source of Funds:</b>		
Operations —		
Net profit	4,145,766	3,688,472
Stripping costs amortized	1,539,972	1,249,525
Exploration and preproduction costs written off	76,551	46,152
Depreciation	1,439,523	1,134,471
Taxes on income deferred to future years	1,875,000	1,070,000
	9,076,812	7,188,620
Sale of investments — Clinton Mine Funds	7,729,430	—
Repayment of note receivable by Territorial Supply Company Limited	—	50,000
Sale of shares	—	9,740,000
	16,806,242	16,978,620
<b>Application of Funds:</b>		
Dividends	2,865,000	2,748,750
Cassiar Mine — Plant and equipment	1,078,439	1,122,709
— Stripping costs	2,508,192	2,715,778
Clinton Mine — Plant and equipment	7,490,668	355,984
— Preproduction	2,719,191	737,708
Exploration costs	269,778	21,656
Special refundable tax paid	105,000	—
Long term debt retired	75,000	75,000
Transport Division — Plant and equipment	284,668	270,997
Asbestos Wharf — Plant and equipment	28,220	990,020
	17,424,156	9,038,602
Purchase of investments — Clinton Mine Funds	—	8,164,813
	17,424,156	17,203,415
Net decrease in working capital	617,914	224,795
Working Capital, end of year	\$ 2,654,434	\$ 3,272,348

# CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)  
and its subsidiary Kutcho Creek Asbestos Ltd.

## Consolidated Balance Sheet

(with comparative figures for 1965)

### ASSETS

#### Current:

	1966	1965
Accounts receivable .....	\$ 3,356,061	\$ 2,314,742
Taxes recoverable .....	174,000	—
Asbestos fibre at cost .....	2,010,260	2,886,140
Ore stockpiled at mill at cost .....	186,447	32,697
Inventory of supplies — valued at laid-down cost .....	1,261,528	1,400,380
Prepaid expenses .....	113,587	109,483
Total current assets .....	<u>7,101,883</u>	<u>6,743,442</u>

#### Investments:

Investments at cost plus accrued interest (market value 1966 — \$362,400; 1965 — \$8,165,000) .....	435,383	8,164,813
Special refundable tax .....	105,000	—
Investment in Territorial Supply Company Limited — Shares (one-half the issued capital) at cost .....	25,000	25,000
Note receivable .....	150,000	150,000
	<u>715,383</u>	<u>8,339,813</u>

#### Fixed (notes 1 and 2):

Mine plant and equipment at cost .....	20,319,801	12,720,158
Automotive equipment at cost .....	4,763,525	3,772,131
Asbestos Wharf — leasehold improvements, buildings and equipment at cost .....	1,450,159	1,435,903
Roads at cost .....	186,815	186,815
	<u>26,720,300</u>	<u>18,115,007</u>
Less accumulated depreciation .....	9,302,471	8,116,570
	<u>17,417,829</u>	<u>9,998,437</u>

#### Deferred:

Mining claims and properties at cost .....	2,630,491	2,599,956
Exploration, development and other preproduction expenditures less amounts written off (notes 2 and 3) .....	4,075,693	1,170,730
Stripping costs less amounts written off (note 2) .....	9,661,520	8,693,300
	<u>16,367,704</u>	<u>12,463,986</u>
	<u>\$41,602,799</u>	<u>\$37,545,678</u>



# CORPORATION LIMITED

(Canada Corporations Act)

Asbestos Company Limited

Balance Sheet — December 31, 1966

(as at the year 1965)

## LIABILITIES

### Current:

	1966	1965
Bank indebtedness (note 4) . . . . .	\$ 1,279,025	\$ 835,778
Accounts payable and accrued charges . . . . .	1,918,512	1,208,856
Dividend payable January 27, 1967 (January 26, 1966) . . . . .	716,250	716,250
Taxes payable . . . . .	458,662	635,210
Current portion of purchase contract . . . . .	75,000	75,000
Total current liabilities . . . . .	4,447,449	3,471,094

6% purchase contract due in equal annual instalments to June 30, 1969 less current portion . . . . .	150,000	225,000
Accumulated tax reductions applicable to future years . . . . .	7,435,000	5,560,000

### Capital and Surplus:

#### Capital (note 5) —

Authorized: 5,500,000 shares without nominal or par value		
Issued: 4,775,000 shares . . . . .	18,208,745	18,208,745
Earned surplus . . . . .	11,361,605	10,080,839
	29,570,350	28,289,584

On behalf of the Board:

J. D. CHRISTIAN, Director.

C. R. ELLIOTT, Director.

\$41,602,799

\$37,545,678

# Cassiar Asbestos Corporation Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1966

1. At December 31, 1966 the company was committed to purchase mine plant and automotive equipment at a net cost of approximately:  
Cassiar Mine — \$ 200,000  
Clinton Mine — 4,400,000
2. Depreciation and amortization:  
The basis of amortization and depreciation is as follows:  
Depreciation —  
Buildings — 5% per annum on cost.  
Equipment — 10% per annum on cost.  
Automotive equipment cost is charged to operations at a uniform rate over the estimated useful life applied on a unit basis.  
During the year the depreciation charged to operations amounted to \$1,439,523 (1965 — \$1,134,471).  
Amortization of stripping expenditures:  
Stripping costs are charged to operations on a per ton of ore mined basis, the rate being determined by dividing the cost of stripping by the estimated tons of ore released.  
During the year stripping costs charged to cost of production amounted to \$1,539,972 (1965 — \$1,249,525).  
Amortization of preproduction expenditures:  
Preproduction expenditures are amortized on a per ton basis, the rate being determined by the estimated ore reserves. As the preproduction expenditures relate to mines not yet in production no amortization has been written in the current year.
3. Exploration expenditures:  
The company's policy is to write off all general exploration expenditures incurred during the year and to capitalize the direct costs of acquisition and expenditure thereon in mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of income.
4. Bank indebtedness:  
The bank loan is secured by a general assignment of accounts receivable and pledge of inventories of asbestos fibre, ore stockpiled at mill, and supplies.
5. Capital:  
The authorized share capital of the company was increased by Supplementary Letters Patent dated November 1, 1966 from 5,000,000 to 5,500,000 shares without nominal or par value.  
Subsequent to December 31, 1966 the shareholders were offered the right to subscribe on or before 4:00 p.m. Eastern Standard Time February 28, 1967 to 477,500 shares of the capital stock at the price of \$12.00 per share on the basis of one share for each ten shares held as at the close of business January 31, 1967. Pursuant thereto subscriptions were received for 473,818 shares. The remaining 3,682 shares not subscribed for under the terms of the offering have since been sold to Bell Asbestos Mines Ltd. at the current market price of \$16.00 per share. Accordingly the total offering of 477,500 shares has now been allotted and issued for a total consideration of \$5,744,728.



# Cassiar Asbestos Corporation Limited

## *Management and Operating Personnel*

### GENERAL OFFICERS

Chairman of the Board	-	-	-	-	-	-	-	F. M. CONNELL, O.B.E., LL.D.
President and General Manager	-	-	-	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President and Secretary-Treasurer	-	-	-	-	-	-	-	C. R. ELLIOTT, C.A.
Manager of Operations	-	-	-	-	-	-	-	J. G. BERRY, B.Sc.
Consulting Engineer	-	-	-	-	-	-	-	T. T. TIGERT, B.A.Sc.
Assistant Secretary	-	-	-	-	-	-	-	J. R. SCRIMGER
Assistant Treasurer	-	-	-	-	-	-	-	M. G. MAZURKEWICH
Chief Accountant	-	-	-	-	-	-	-	M. J. HERZOG, C.A.

### OPERATING DIVISIONS

#### CASSIAR MINE, Cassiar, B.C.

General Superintendent	-	-	-	-	-	-	-	A. C. BEGUIN, B.A.Sc.
Asst. to General Superintendent	-	-	-	-	-	-	-	C. E. BRONSON, B.Sc.
Production Superintendent	-	-	-	-	-	-	-	A. C. CARON
Mine Superintendent	-	-	-	-	-	-	-	J. R. MURDOCH, B.Sc.
Mill Superintendent	-	-	-	-	-	-	-	C. R. HARRIS, B.A.Sc.
Plant Superintendent	-	-	-	-	-	-	-	W. E. ROYDS, B.A.Sc.
Maintenance Engineer	-	-	-	-	-	-	-	H. VELTMEYER
Equipment Superintendent	-	-	-	-	-	-	-	G. EDWARDS
Mechanical Superintendent	-	-	-	-	-	-	-	G. SIMMONS
Electrical Superintendent	-	-	-	-	-	-	-	F. KLIMENT
Surface Superintendent	-	-	-	-	-	-	-	G. KAMLAH
Utilities Superintendent	-	-	-	-	-	-	-	R. PASIAUD
Chief Engineer	-	-	-	-	-	-	-	G. TROWSDALE, B.A.Sc.
Chief Geologist	-	-	-	-	-	-	-	W. H. PLUMB, B.A.Sc.
Chief Mine Accountant	-	-	-	-	-	-	-	J. H. THORNICROFT
Industrial Relations Supervisor	-	-	-	-	-	-	-	D. R. DELAHUNT

#### CLINTON MINE, Yukon Territory

General Superintendent	-	-	-	-	-	-	-	F. P. HODGSON, B.Sc.
Mine Superintendent	-	-	-	-	-	-	-	H. A. WOODY
Mill Superintendent	-	-	-	-	-	-	-	B. H. DONNER
Chief Engineer	-	-	-	-	-	-	-	J. G. DREWE, B.Sc.
Chief Mine Accountant	-	-	-	-	-	-	-	D. ACASON

#### TRANSPORT DIVISION, Whitehorse, Y.T.

General Superintendent	-	-	-	-	-	-	-	E. K. McARTHUR
Operations and Maintenance Superintendent	-	-	-	-	-	-	-	W. G. WHITEHOUSE
Accountant	-	-	-	-	-	-	-	K. J. MULLOY

#### ASBESTOS WHARF, North Vancouver, B.C.

Office Manager	-	-	-	-	-	-	-	J. T. WARD
Superintendent — Asbestos Wharf	-	-	-	-	-	-	-	S. M. MANNING, P.Eng.
Purchasing Agent	-	-	-	-	-	-	-	K. B. SCRIMGER

# CASSIAR ASBESTOS CORPORATION LIMITED — TEN YEAR REVIEW

	Years ended		
	1966	1965	1964
Ore mined (tons) . . . . .	901,650	743,765	705,205
Ore and concentrate milled (tons) . . . . .	706,492	613,404	587,908
Fibre produced (tons) . . . . .	87,900	85,432	66,897
Waste removed (tons) . . . . .	4,299,373	4,542,457	3,464,705
Sales . . . . .	\$20,393,363	\$17,526,197	\$14,466,691
Profit before deducting the following . . . . .	\$ 9,841,812	\$ 8,498,620	\$ 7,336,746
Depreciation . . . . .	1,439,523	1,134,471	1,093,058
Exploration and development written off . . . . .	1,616,523	1,295,677	1,265,226
Net earnings before taxes . . . . .	\$ 6,785,766	\$ 6,068,472	\$ 4,978,462
Provision for current taxes . . . . .	765,000	1,310,000	1,185,000
Provision for deferred taxes . . . . .	1,875,000	1,070,000	765,000
Net Earnings . . . . .	\$ 4,145,766	\$ 3,688,472	\$ 3,028,462
Net earnings per share . . . . .	87¢	77¢	76½¢
Dividend declared per share . . . . .	60¢	60¢	60¢
CAPITAL EXPENDITURES:			
Land, Plant and Equipment . . . . .	\$ 8,881,995	\$ 2,739,710	\$ 1,962,105
Mine development — Cassiar . . . . .	2,508,192	2,715,778	2,259,102
— Clinton . . . . .	2,719,191	737,708	305,250
Outside exploration . . . . .	269,778	21,656	25,348
BALANCE SHEET AT END OF FISCAL PERIOD:			
Net working capital . . . . .	\$ 2,654,434	\$ 3,272,348	\$ 3,497,143
Funds for Clinton Mine development . . . . .	435,383	8,164,813	—
Special refundable tax . . . . .	105,000	—	—
Territorial Supply Company Limited . . . . .	175,000	175,000	225,000
Plant and Equipment . . . . .	26,720,300	18,115,007	15,827,789
Mining Claims and Properties . . . . .	2,630,491	2,599,956	2,590,712
Deferred development . . . . .	13,737,213	9,864,030	7,693,810
Total . . . . .	\$46,457,821	\$42,191,154	\$29,834,454
Deduct — Purchase contract payable . . . . .	150,000	225,000	300,000
— Deferred taxes . . . . .	7,435,000	5,560,000	4,490,000
— Accumulated depreciation . . . . .	9,302,471	8,116,570	7,434,592
Capital and surplus . . . . .	\$29,570,350	\$28,289,584	\$17,609,862
Shares of capital stock issued at end of period . . . . .	4,775,000	4,775,000	3,960,000

NOTE: \* The year 1957 has been adjusted to reflect the fibre inventory valuation basis used in 1958 and subsequent years.



December 31		15 Months Oct. 1, 1960 to Dec. 31, 1961	Years ended September 30			
1963	1962		1960	1959	1958	1957*
756,574	720,416	674,791	471,561	359,914	384,250	405,615
588,733	569,571	581,835	457,379	344,233	389,232	382,186
62,214	57,568	56,556	38,838	32,277	32,274	28,791
2,824,197	2,357,623	2,550,035	1,949,282	1,339,249	1,351,651	688,117
\$ 13,882,535	\$ 12,665,656	\$ 14,593,795	\$ 10,365,953	\$ 9,521,376	\$ 8,762,644	\$ 8,314,620
\$ 6,682,009	\$ 6,179,710	\$ 6,934,758	\$ 5,313,166	\$ 4,607,789	\$ 4,463,429	\$ 3,535,188
1,054,740	1,091,772	1,307,529	979,112	923,508	960,983	862,419
1,427,461	1,038,733	1,067,076	535,468	440,702	262,973	218,508
\$ 4,199,808	\$ 4,049,205	\$ 4,560,153	\$ 3,798,586	\$ 3,243,579	\$ 3,239,473	\$ 2,454,261
950,000	950,000	600,000	385,000	12,000	313,000	62,000
660,000	650,000	1,130,000	1,060,000	188,000	29,000	8,000
\$ 2,589,808	\$ 2,449,205	\$ 2,830,153	\$ 2,353,586	\$ 3,043,579	\$ 2,897,473	\$ 2,384,261
65¢	62¢	71¢	59¢	77¢	76¢	63¢
60¢	60¢	75¢	60¢	50¢	20¢	—
\$ 1,391,630	\$ 518,235	\$ 1,359,994	\$ 1,473,876	\$ 608,230	\$ 867,954	\$ 1,672,665
2,442,363	2,007,698	2,288,921	1,245,868	779,358	817,088	545,635
117,858	—	—	—	—	—	—
40,840	29,593	270,623	230,449	1,502,774	315,283	229,398
\$ 3,898,855	\$ 4,512,588	\$ 4,213,321	\$ 4,570,513	\$ 4,931,576	\$ 3,938,325	\$ 2,304,595
—	—	—	—	—	—	—
—	—	—	—	—	—	—
275,000	275,000	275,000	350,000	350,000	275,000	175,000
14,615,849	13,606,270	13,337,576	12,432,854	11,439,478	11,142,264	10,274,310
2,308,596	2,371,505	2,423,168	2,318,961	2,153,477	797,659	475,391
6,371,453	5,133,445	4,196,939	2,808,678	2,004,105	1,518,437	950,494
\$ 27,469,753	\$ 25,898,808	\$ 24,446,004	\$ 22,481,006	\$ 20,878,636	\$ 17,671,685	\$ 14,179,790
—	—	—	—	—	—	—
3,725,000	3,065,000	2,415,000	1,285,000	225,000	37,000	8,000
6,787,353	6,090,216	5,360,617	4,385,772	3,820,988	3,145,616	2,247,228
\$ 16,957,400	\$ 16,743,592	\$ 16,670,387	\$ 16,810,234	\$ 16,832,648	\$ 14,489,069	\$ 11,924,562
3,960,000	3,960,000	3,960,000	3,960,000	3,960,000	3,800,000	3,800,000







